



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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March 19, 2001

Gayle McKeachnie
McKeachnie, Allred, McClelland & Trotter
Consultant for Ziegler Chemical & Mineral Corporation
121 West Main Street
Vernal, Utah 84078

Re: Amendment Approval, Ziegler Chemical & Mineral Corporation (Ziegler), Cowboy #1 Shaft - North Vein (CBNV-1), M/047/013 (UTU-0115850), Uintah County, Utah

Dear Mr. McKeachnie:

The Division has reviewed the additional information received January 24, 2001, for Ziegler's Cowboy North Vein #1 mine on BLM lease U-0115850 in Section 3, T9S, R24E, SLBM. This additional information has addressed all the concerns mentioned in the Division's November 2, 2000 review letter. **The Division hereby approves of the CBNV-1 amendment to the existing large mine operation notice of intention.** We have received a copy of the March 7, 2001, BLM letter describing their 15 conditions of approval for this proposal, and the Division is in agreement with these conditions.

The Division's November 29, 2000, draft reclamation cost estimate included costs for reclaiming the 2.0 acre CBNV-1 site. The BLM approval letter mentions Ziegler's bond of \$120,000 is sufficient to cover reclamation, rentals and royalties; however, a new bond schedule will determine the exact requirements. The Division can recognize the bond posted with the BLM for the CBNV-1 site, provided specific bond amounts are identified for reclamation. The Division will make adjustments for BLM bonding for the CBNV-1 site in a separate response to Ziegler's latest comments on the five-year bond review.

If you have any questions regarding this letter or the five-year bond review, please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

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cc: Chip Ziegler, Executive Vice President, Ziegler Corp.
Stan Wagner, Ziegler Mines
Stan Perkes, BLM State Office
Pete Sokolosky, BLM Vernal FO

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